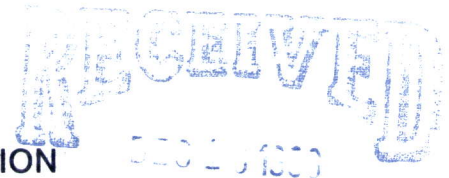




PARAHO DEVELOPMENT CORPORATION

DIVISION OF
OIL, GAS & MINING

December 9, 1983

Copy to Wayne
JIM
DEC 13 1983

Mr. J. W. Smith, Jr.
Coordinator Mined Land Development
Utah Department of Natural Resources
Division of Oil, Gas, and Mining
State Office Building
Salt Lake City, Utah 84116

Dear Mr. Smith:

I appreciated the opportunity to discuss with you and Wayne Hedberg the proposed Phase One of Paraho-Ute Project and the various permits and applications we have with the Division of Oil, Gas, and Mining (the Division).

Based on those discussions, it is my understanding that, for the most part, all permits and applications will remain valid throughout calendar year 1984. The only exception in the Exploratory Drilling Permit, filed April 17, 1983 and amended November 11, 1983, will expire April 23, 1984. Application to extend that permit should be filed on or before April 8, 1984. Before the start of construction, the Permit to Commence Mining should be modified in the areas of the mine plan, reclamation plan, and bonding to reflect the final scope and schedule for Phase One; the soils survey should be completed; and an adequate bond posted with the Division. The Division should be notified after spring snowmelt in 1984 to survey the reclaimed drill sites so that the bond posted with Utah State Lands and Forests can be released.

Should you have any questions or feel that my understanding is incorrect, please contact me.

Best wishes to you and your staff for the Holiday Season and the New Year.

Sincerely,

R. N. Heistand
Vice President
Environmental Affairs

RNH/jl